

**Resolution**  
**NO. 14**  
of the Energy Regulatory Commission of the Republic of Armenia  
dated October 24, 1997  
City of Yerevan

Taking into consideration the problems arising due to the structural changes in *HAYGAZARD* state concern, and associated with the introduction of the new tariffs for natural gas sales (in compliance with the ERC Resolution No. 7, dated August 8, 1997), and also associated with the necessity of separation of the shares of the importer *HAYGAZARD*, transporter *HAYTRANS GAS*, and the distributor *HAY GAS* within that tariff, **the Energy Regulatory Commission clarifies the following:**

1. Within the natural gas sales tariff (which is the amount in Armenian drams corresponding to \$79.1 per 1000 nm<sup>3</sup> of natural gas), for each customer surpassing the 10.0 thousand nm<sup>3</sup> consumption limit,

- a) the cost of the natural gas imported to Armenia (VAT included) will be equal to the amount in Armenian drams corresponding to  $C_0 = 66.0$  US dollars per 1000 nm<sup>3</sup> of the imported natural gas;
- b) the share of *HAYGAZARD* state concern (VAT included) will be equal to the amount in Armenian drams corresponding to  $C_{imp} = 3.45$  US dollars per 1000 nm<sup>3</sup> of the imported natural gas;
- c) the share of *HAYTRANS GAS* state owned enterprise (VAT included) will be equal to the amount in Armenian drams corresponding to  $C_{tr} = 2.746$  US dollars per 1000 nm<sup>3</sup> of the imported natural gas, on condition that the actual total of the technical losses during transportation and the gas consumed for one's own needs ( $P_{1F}$ ), is equal to the planned value ( $P_{1P}$ ) of 3.8 %.

If there **is** a discrepancy between the actual total of the technical losses during transportation and the gas consumed for own needs ( $P_{1F}$ ), and the planned value ( $P_{1P}$ ), then the share of *HAYTRANS GAS* state owned enterprise will be calculated according to the following formula:

the amount in Armenian drams corresponding to  $C_{tr} = 5.598 - 0.7505 \times P_{1F}$  US dollars.

- d) the share of *HAYGAS* state owned enterprise (VAT included) will be equal to the amount in Armenian drams corresponding to  $C_{dis} = 2.721$  US dollars per 1000 nm<sup>3</sup> of the imported natural gas, on condition that the actual total of the technical losses during distribution and sales and the gas consumed for one's own needs ( $P_{2F}$ ) is equal to the planned value ( $P_{2P}$ ) of 1.68 %.

If there is a discrepancy between the actual total of the technical losses during distribution and sales and the gas consumed for own needs ( $P_{2F}$ ), and the planned value ( $P_{2P}$ ), then the share of *HAYGAS* state owned enterprise will be calculated according to the following formula:

the amount in Armenian drams corresponding to  $C_{dis} = 4.05 - 0.791 \times P_{2F}$  US dollars.

If *HAYGAZARD* sells the natural gas to *HAYGAS* which distributes and sells it to its consumers, then the sales tariff is determined in accordance with the following formula:

$$C_1 = \frac{C_0 + C_{imp} + C_{tr}}{1 - 0.01 \times P_F}$$

and is equal to:

$$C_1 = \frac{66 + 3.45 + 2.746}{1 - 0.01 \times 3.8}$$

3. The natural gas tariff to the customers who have surpassed the 10.0 nm<sup>3</sup> consumption limit (in compliance with the ERC Resolution No. 7, dated August 8, 1997), as well as the shares and sales tariffs expressed in US dollars (Paragraphs 1 and 2 of the present Resolution) should be converted into drams on the 25th day of the month preceding the accounting month, at rates established by the Central Bank of Armenia.

4. Taking into account the possibility of changes in the status's and cost structures of the operating enterprises in the gas sector, associated with the creation of *ARMROSGASIND* joint stock company, the clarifications introduced in the present Resolution should be applied starting the effective date of the ERC Resolution No. 7 until December 31, 1997.

V. Movsesian,  
Chairman of the RoA Energy Regulatory Commission